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## Cover Page

Where will we package produce? Some of the packaging trends are summarized on pages 10 and 11 of this issue. Among them is the trend from retail to source or terminal packaging of lettuce and a growing number of other fresh fruits and vegetables. Lettuce harvested in the field shown on this month's cover may be fresher and more nutritious when it reaches the consumer because it's trimmed and prepackaged right in the field. Such shifts may not only bring consumers better-quality produce, but may reduce costs. Approximately \$6 million could be saved in the transportation costs of Western-grown lettuce if as much as half the annual rail shipments were trimmed and prepackaged. See Marketing Research Report No. 670 for details of a recent study on prepackaging of lettuce.

*Editor*, MILTON HOFFMAN  
*Assistant Editor*, JAMES A. HORTON

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# Guarding the Quality of School Lunches



**T**HE lunch pail is rapidly joining the one-room schoolhouse among the disappearing traditions on the American school scene. Its place is being taken in many places by the hot school lunch, provided at nominal cost with Federal and State assistance.

Parents welcome the change, because they know a nourishing, well-balanced midday meal is important to growing youngsters. And while they may not be aware of all the details involved, they have no doubts that the children are getting food of high quality.

Some of this food is donated by the U.S. Department of Agriculture, and some is purchased locally. But whatever the source, almost all the food used in the school lunches goes through a careful purchasing and inspection program so precise that the housewife cannot match it when she does her own shopping.

Much of this purchasing and inspection is provided by USDA's Agricultural Marketing Service, which administers the entire National School Lunch Program. AMS helps provide specifications for the food, it determines the grade, conducts the inspections (including poultry, but not meat), and engages in a variety of other activities necessitated by an undertaking of such vastness.

Let's take a typical noon meal and examine the care with which AMS watches over USDA-donated food before it reaches the cafeteria. Such a meal might include barbecued beef, a buttered roll, potato salad, buttered peas, a fresh apple, and milk.

First the beef. Specifications are pre-

pared by meat standardization specialists, calling for a specific grade (Choice grade beef is being used for school lunches at present), a particular cut, and describing other characteristics desired in the beef to be purchased. The specifications are distributed to industry, and packers submit bids.

After the amount of meat required is purchased at the lowest prices offered, graders determine that the meat is of the grade and cut called for in the specifications. Federal meat inspectors then supervise the preparation and packaging of the meat in the plant.

Only then is the meat ready to go to the cafeteria.

The wheat that goes into the roll was inspected for quality and condition even before it was milled into flour.

The butter on the roll, and on the peas, was graded by Federal or Federal-State graders to make sure it had the proper flavor, texture, aroma, and color.

The peas were also purchased from the lowest bidders, after specifications were distributed. The specifications described the quality, kind, size, pack, etc., required for the school lunch program. Inspection assures that the food meets these specifications.

The potatoes and the apples were purchased locally, and most school lunch officials do their buying on the basis of U.S. grades. These commodities are inspected and graded by Federal-State inspectors to see that they meet grade requirements.

The milk must meet State and local sanitary requirements before it can be distributed to cafeterias. All dairy prod-

ucts distributed by USDA for school lunches are inspected and graded under Federal supervision.

These are only examples, but they typify the care that goes into providing food for the school lunch program. Food experts help prepare specifications for much of the food purchased locally by school officials, and this food has also gone through rigid inspection and grading procedures before it is bought. The USDA purchase programs also take note of special requirements sometimes called for in food to be used for school lunches.

An annual preference poll among State school lunch officials shows that they prefer cut style green beans, and so this style is called for in the specifications. Canned peaches and pineapple are purchased packed in light instead of heavy syrup. This not only reduces the sugar content, but can be purchased at a lower price.

When poultry and egg products are purchased for the school lunch program, problems of portioning and packaging are solved by developing specifications which meet these requirements. The products are graded and inspected under AMS supervision.

Thus with quality and economy always in mind, AMS gathers food from throughout the Nation to help provide nutritious meals for school children at low cost.

About 17,000,000 children in 70,000 schools throughout all 50 States and U.S. territories will be enjoying the fruits of these efforts during the 1964-1965 school year.



NATIONAL SCHOOL LUNCH WEEK, 1964

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA  
A PROCLAMATION

WHEREAS our Nation produces food in an abundance greater than any nation in history—an abundance more than sufficient to provide every American today with a tasty, nutritious, and healthful diet; and

WHEREAS adequate nutrition is essential if our Nation's youth is to achieve optimum health and physical fitness and enhance its ability to derive maximum benefit from the educational process; and

WHEREAS, under the national school lunch program, national, State, and community efforts are being made to insure that an adequate and nutritious school lunch is available, each day, to school children, regardless of family or neighborhood income; and

WHEREAS, on each school day, some 17 million youngsters now eat well-balanced lunches in more than 68,000 school lunchrooms operated for them by local people; and

WHEREAS the operation of this school lunch program is made possible by the employment of the unexcelled skills and techniques of a highly developed marketing system and

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results in the consumption of tremendous quantities of foods produced by our farmers; and

WHEREAS, in order to give deserved recognition to the role of the school lunch program in building a stronger America through serving its youth, the Congress, by a joint resolution approved October 9, 1962 (76 Stat. 779), has designated the seven-day period beginning on the second Sunday of October in each year as National School Lunch Week, and has requested the President to issue annually a proclamation calling for the observance of that week:

NOW, THEREFORE, I, LYNDON B. JOHNSON, President of the United States of America, call upon the people of the United States to observe the week beginning October 11, 1964, as National School Lunch Week, with ceremonies and activities designed to promote public understanding and awareness of the significance of the school lunch program to the child, to the home, to the farm, to industry, and to the Nation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

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DONE at the City of Washington this *fourteenth* day of *July* in the year of our Lord nineteen hundred and sixty-four, and of the Independence of the United States of America the one hundred and eighty-ninth.



By the President:

*Dean Rusk*  
Secretary of State

*[Signature]*

## National School Lunch Theme —

# Service to Youth

ANYONE who tries to stay on a food budget may wonder how so many schools can serve nutritious meals at the prices they do. A typical noon menu might be barbecued beef on buttered roll, potato salad, buttered spinach, fresh apple and milk—all this at a national average cost to the child of 27 cents. Needy children pay little or nothing. How do the schools do it?

A good part of the answer lies in the National School Lunch Program, which this school year will enable about 70,000 public and nonprofit private schools to serve low-cost nutritious lunches to 17 million children.

In recognition of this program's value and achievements during its 18 years of operation, the week of October 11-17 is set aside as National School Lunch Week, by Presidential proclamation. The theme for the week: School Lunch Serves Youth.

The school lunch program is administered nationally by the U.S. Department of Agriculture's Marketing Service. In each State it is administered by the State educational agency.

The school lunch manager under guidance of local educators in each community or school district operates her own lunchroom and plans her menus, largely using foods bought in local markets, supplemented with the foods donated by the Department. Menus for each school in the National School Lunch Program are planned according to the Type A pattern, developed by USDA to insure each child  $\frac{1}{3}$  to  $\frac{1}{2}$  his daily nutritional requirements at lunch.

Local lunchrooms participating in

the program receive Federal donations of abundant agricultural products and cash assistance which amounts to some 23 percent of the total program cost. Children's payments take care of about 56 percent of the cost. State and local sources pay the remainder.

Like the program itself, National School Lunch Week is essentially a local observance. Activities range from special essays and posters on food and nutrition by the pupils, to special invitations to parents and community leaders to attend school and join the children for lunch. Frequently, local press, radio and television outlets cooperate in featuring school lunch activities during the week. All of the school lunch week observances are geared, as called for in the President's proclamation, "to promote public understanding and awareness of the significance of the school lunch program to the child, to the home, to the farm, to industry, and to the Nation."

Providing a complete lunch every school day to one out of every three school children in the U.S. calls for tremendous quantities of food; last year's food bill totaled over \$876 million. Almost four-fifths of this—\$688 million—was spent by schools in local food markets. The school lunch program, sometimes called the largest single food service in the Nation, is now a 1.4 billion dollar food industry serving 2.8 billion lunches a year.

Thus, the National School Lunch Program helps provide good markets for farmers, food industries and local businesses. But most important, it contributes greatly to the health and well-being of children.

## Developing

# Outlets for Abundant Foods

By Howard P. Davis

**A**N IMPORTANT function of the Agricultural Marketing Service of the U.S. Department of Agriculture is to assist producers and processors in obtaining access to the widest possible market.

A major effort in this area is the Plentiful Foods Program—essentially a sustained attempt to attract and enlist the promotional and merchandising capabilities of the food industry, and the support of the many channels of communication existing in this Nation, to help meet the problems of producers. We serve, in a sense, as the coordinator of a network of endeavor on the part of producers, processors, distributors, mass media, and of local and State officials, to convey to food retailers and food service industries the message that a specific commodity needs increased marketing emphasis.

And, going the final step to complete the marketing picture, we get the same message to consumers through the resources of the informational and educational agencies of the Department.

If the whole coordinated, cooperative endeavor is successful, everyone wins and the need for a Federal surplus removal program is reduced or avoided.

The work-horse of the program is the monthly list of "Plentiful Foods." The list is published as two bulletins—one containing supply information and merchandising suggestions for food wholesalers and retailers—the other contains menu suggestions and recipes for use by those in the public feeding service industry.

Decisions are based on reliable supply and production figures gathered through the Department's nationwide fact-finding system. The five Area Offices of the Food Distribution Division may, at their discretion, delete from or add items to the national list to make the information as useful and accurate as possible in their particular sections

of the country. Their judgment is based on essentially the same factors as are used at the national level—estimated supply and general availability of the commodity in their area. Valuable sources for this type of information and analysis are the State marketing officials.

At times, the marketing situation is such that on the request of producers, we conduct an intensified Special Plentiful Foods Program.

Some of the campaigns to which the Plentiful Foods Program has extended its assistance regularly have become virtually institutionalized—for example, June Dairy Month and August Sandwich Month. In these operations, the industries concerned mount a well-coordinated, well-financed, nationwide

promotion with, I believe, effective auxiliary assistance from us.

More of our campaigns are conducted on shorter notice—to stimulate demand for a crop which is in unusually heavy supply as a result of favorable growing conditions that have boosted anticipated yields. The pecan industry, for instance, is harvesting a record crop this year. A special campaign is now being developed with interested industry groups with a planned campaign peak in February.

Then we have the quickie efforts where a fairly small geographic area is faced with a bumper crop of some perishable food that must be marketed rapidly. A nationwide campaign is not feasible because there is not sufficient time to build momentum and develop

*Here is the cover of the four-page Plentiful Foods list distributed to public and institutional feeders to remind them that June is Dairy Month and to solicit their support in the marketing of the products mentioned. Such listings are distributed monthly, with a similar one going to retail grocery stores.*

## Plentiful Foods

MONTHLY LIST FOR THE FOOD SERVICE INDUSTRY • A BUYING GUIDE FOR PUBLIC AND INSTITUTIONAL FEEDERS

JUNE 1964



**Feature**  
**MILK AND DAIRY PRODUCTS**

**Other Plentifuls**  
**BEEF**  
**CANNED PINK SALMON**  
**EARLY SUMMER VEGETABLES**

PF-339

UNITED STATES DEPARTMENT OF AGRICULTURE • AGRICULTURAL MARKETING SERVICE • FOOD DISTRIBUTION DIVISION • WASHINGTON, D.C.



the necessary materials and frequently there is not enough product to supply national distribution. In these cases, we try a regional approach—broadening the marketing base by asking the help of key cooperators in the region. This worked well, for example, in the case of fresh plums in California when weather “bunched” the harvest.

Though this presentation has emphasized published lists and special bulletins, the real work of the program is done by field men making contacts with the trade in key markets. It is through their efforts—amplified as they are by State marketing officials—that the program is able to help provide more efficient marketing for our agricultural products.

A few years ago, processed foods were seldom carried on the Plentiful Foods List. The rationale here was that the movement of processed food inventories would have little direct benefit to the producer—and the plentiful food listings and special programs were and still are based on requests from producer elements. In addition, many processed foods are not perishable and the need for quick marketing is not as urgent as in the case of seasonal plentifuls that don't lend themselves to processing.

We have learned, however, that large inventories of processed foods—canned, dried or frozen—tend to depress producer-processor contracts for subsequent harvests, particularly for fruits and vegetables. In other words, if the produce is held long enough it competes with itself the following year.

Now, when warranted, we willingly lend our support to efforts to move a crop whether fresh or processed.

An interesting development in the past few years has been the willingness of State marketing officials to support and assist merchandising efforts even though a specific product may not be one of their own or the timing of the promotion may not coincide with the harvest in their particular State. They have learned that they can serve the best interests of their State by helping each other. A promotion that starts on behalf of a State with an early harvest develops and maintains a momentum that can be of considerable assistance to a State with a later harvest.

In addition, we have found, the food trades and the communications media like the go-togethers such as cranberry sauce and turkey, and pork and apples. This is probably an important reason for the full-scale cooperation from all sources for such programs as June

Dairy Month and August Sandwich Month. You have here a basic theme that offers tremendous flexibility and opportunity for combinations or “tie-ins.”

In this connection, we have developed extremely helpful relationships with many major advertising agencies handling the public relations and advertising accounts of various food industries. They are most receptive to linking their products with the official USDA Plentiful Foods, and thereby perhaps selling a little more of both. This goes beyond the food field, incidentally—a prominent aluminum foil manufacturer frequently advises consumers to cook and use plentiful foods in his product; and he does it on prime television time and in full-color magazine advertisements.

We administer three other programs designed specifically to increase the marketing of food products through the normal commercial trade channel route.

The first—and the largest single food market in the country—is the National School Lunch Program.

This program reaches 17 million children every school day in our fifty States, the District of Columbia, the Virgin Islands, Puerto Rico, Guam and American Samoa. In the course of the last school year, \$688 million worth of food was purchased by participating schools from local wholesalers and retailers. This amount represented about 80 percent of the total food used in the National School Lunch Program.

Because this school lunch market is so large—and growing larger at the rate of 6 to 8 percent a year—it can be an important factor in moving local, regional and national food abundances. Marketing officials in a number of States have recognized the potential in this program and have developed “School Lunch Salutes” to call attention to certain foods produced within the State and encourage greater consump-





tion of these foods. There have been "Salutes" to potatoes in Maine, cranberries in Massachusetts, turkeys in California, broilers in Georgia and fryers in Arkansas. State agricultural officials and leaders in producer organizations assist in the arrangements and frequently a proclamation by the Governor accompanies the "Salute."

**T**HE Department of Agriculture makes available to schools commodities acquired under price support and surplus removal operations. In addition, the Department purchases with appropriated and authorized transfer funds, a variety of items to assist the schools in meeting the nutritional requirements for the lunch.

There have been substantial indirect benefits from these direct purchases, too. In the case of broilers and fryers, for example, local school lunch personnel had felt for many years that they couldn't cope with the preparation and service of this item. Working in close cooperation with the poultry industry, we developed a portion control pack and specifications that met the protein requirement under the program at a reasonable price. The result was a highly acceptable, palatable addition to the school lunch menu and, in effect, a net new market for the poultry industry.

Similarly, we have been able to demonstrate to school lunch managers what is available in terms of quality packs of fruits and vegetables. Each year we ask the States for their comments on the purchases of the previous year—what they especially liked and how they felt about the quality. Almost invariably the comments on quality are highly favorable and the comments are supported by requests for the specifications we use.

The long-term benefits are obvious. The children receive an education in the essentials of good nutrition and acquire a taste for the best this country can produce. In the process, we have been able to help broaden the market for some items that had previously been primarily regional—canned sweet-potatoes and canned purple plums, for example.

A companion program is the Special Milk Program which promotes the consumption of fluid whole milk in child-care institutions and summer camps as well as in schools.

The Pilot Food Stamp Program was initiated to test an approach to improving the diets of low-income families and increasing the consumption of agricultural products through the use of normal retail trade channels.

The program has proved feasible and highly acceptable. Surveys show that participating families spent over 80 percent of their additional food purchasing power for perishables such as meats, poultry, dairy products, fruits and vegetables.

We have relied heavily on State and local resources to conduct nutrition education campaigns among participating families and a great deal of ingenuity has been shown in developing techniques to reach these families.

Although food stamp families may purchase virtually any domestically produced food with their coupons, we try to direct their attention to those foods that are nutritious and seasonally plentiful.

The bonus or free coupons represent net additional food purchasing power for participating families and net new income to the areas in the program.

Each of these programs I have outlined has great implications for agriculture and marketing. Each of them is heavily dependent on community and State cooperation to be fully effective. And each one could use a still greater degree of cooperation in your State and in your community.

*(Adapted from a presentation at the 1963 National Marketing Service Workshop at Kansas City, Kan. The author is Director of the Food Distribution Division, AMS.)*

## **New Film on Grain Sampling**

A NEW motion picture, "Grain Sampling," is serving as an excellent training film to show grain samplers the proper equipment and methods for sampling grain.

The film, produced for the Grain Division of USDA's Agricultural Marketing Service, is a 16-mm. color sound feature, running 25 minutes.

The film opens with a general discussion of grain inspection and of the U.S. Grain Standards Act, under which inspection is carried out. It then shows the equipment and methods used for taking representative samples of grain from rail cars, trucks, ships, barges, and sacks in warehouses.

The film concludes with scenes showing what happens to the sample after it is received in the inspection laboratory. These scenes depict steps in inspecting

and grading the representative sample for quality.

Copies of the film will be available at each of the Division's Inspection Branch Area offices around the country. Requests for information about loan of the film or special group showings may be addressed to the Grain Division, Agricultural Marketing Service, U.S. Department of Agriculture, Washington, D. C. 20250, or to any of the Inspection Branch Area or District offices.

## **Publications on Egg Grading Revised**

TWO publications dealing with egg grading have just been revised by the Agricultural Marketing Service. One is the Egg Grading Manual, Agriculture Handbook No. 75. The other is Shell Egg Grading and Inspection of Egg Products, Marketing Bulletin No. 30, which formerly was called Grading and Inspection of Eggs and Egg Products, (Agriculture Information Bulletin No. 159).

The Egg Grading Manual is used to teach beginning as well as experienced Federal-State egg graders the correct interpretation and application of the United States standards, grades, and weight classes for shell eggs. It serves as a guide in short courses or grading schools, supplemented with lectures, group discussions and demonstrations. It is also of use in teaching egg marketing in high schools and colleges. The various internal and exterior quality factors are explained and illustrated, as are the instruments for measuring egg quality, and the official USDA grade marks and weight classes.

Marketing Bulletin No. 30 explains the Federal-State grading program for shell eggs and the inspection program for egg products. It describes the need for uniform standards and grades nationwide, and for greater coordination to improve marketing of eggs and egg products, and the trends toward these ends. The bulletin is intended to help Federal, State and industry leaders in their efforts for uniform standards and grades, and to help provide facts for consumer education.

Single free copies of each bulletin are available from the Office of Information, U.S. Department of Agriculture, Washington, D. C. 20250.





## For Grain at Country Loading B

**F**ASTER methods for loading grain than slower methods may be well cultural Research Service of the U.S. loading methods found that slower m responsible for reducing receipts of n be emptied rapidly to make room for

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Nearly 200 hours—equivalent to fastest method were used instead of t quired for shipment of 725,000 bushe mean the difference between meeting with associated extra costs for delayi any potential advantages from lower

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## For Grain at Country Elevators

# Loading Boxcars Faster

**F**ASTER methods for loading grain in boxcars at country elevators that cost more than slower methods may be well worth the extra cost. Engineers in the Agricultural Research Service of the U.S. Department of Agriculture who studied seven loading methods found that slower methods incurred lower costs, but could also be responsible for reducing receipts of new grain. At harvest time, storage bins must be emptied rapidly to make room for incoming grain.

Equally important was the development by the engineers of more efficient work methods that could shorten the time required in each of the seven loading methods. The Kansas Agricultural Experiment Station cooperated in the study.

Most country elevators use one of the seven loading methods studied. The fastest of the seven requires 52 minutes per car. The slowest requires about half an hour longer. A two-man crew was used in all methods.

Direct labor and equipment costs for the fastest method were \$9.59 per boxcar, compared with \$8.19 for the slowest method. Elevators that ship 725,000 bushels annually could load the cars at an extra cost of only about \$500 if the fastest of the seven methods was used.

Nearly 200 hours—equivalent to about 25 work-days—would be saved if the fastest method were used instead of the slowest method in loading the 382 cars required for shipment of 725,000 bushels of grain a year. This savings in time could mean the difference between meeting scheduled shipments and delaying operations, with associated extra costs for delaying new grain receipts or boxcars, wiping out any potential advantages from lower costs if slower loading methods were used.

The kind of equipment and methods used makes the difference between the fastest and slowest methods studied. The fastest employed a 25-bushel automatic scale, a car puller (power winch) that moves an entire line of cars, and a branched spout that simultaneously loads both ends of the car.

Equipment used in the slowest method included a hand-car mover that moves only one car at a time, a 10-bushel scale, and a single flexspout held in position in the car by wire stretchers.

In some of the other methods, boxcars were moved by tractors; 15-bushel scales and twin flexspouts supported by rod holders were also used in various combinations.

Loading time could also be reduced by rearranging work methods according to suggestions made by the engineers. Even elevators that use one of the faster methods could benefit by the engineers' suggestions. As much as a quarter to a third of the loading time could be cut from each of the seven loading methods by rearranging the crew's work.

In the suggested work methods, the crew is assigned to loading-out chores on other boxcars while the car under the loadout spout is being filled. One worker could install grain doors in an empty boxcar while the other worker closed and sealed the doors of a car that had been filled.

Although the research team shortened the loading time, some free time remained for the crew. Workers with free time in excess of 5 minutes could be used in other work, such as helping to unload trucks at harvest time.

An elevator that combined the improved work systems just described with the fastest loading method would offer an extreme contrast to an elevator that used unimproved work systems with the slowest loading method. Under this comparison there would be a difference of about 8 hours in loading 10 cars.

USDA engineers Albert H. Graves and Gerald L. Kline conducted the study, which includes a breakdown of time and costs involved in each operation in loading boxcars. Equipment ownership costs are included for each of the seven methods studied.

Although the study was made at elevators in Kansas, Nebraska, Missouri, Oklahoma, Colorado, and Texas, the results would be useful to elevators located in other States.



*In the fastest loading method studied, a two-man crew using a car puller positions the boxcars (at left) so that a branched spout (above) can fill both ends of the car simultaneously. In the slowest method, one man moved the cars with a handjack (below).*





# Where Will We Package Produce?

**T**HE CONSUMER can expect to benefit by many of the changes in produce marketing that have been underway for several years. That is the consensus of marketing specialists in the Agricultural Research Service of the U.S. Department of Agriculture.

Groups of retail outlets, led by the chain stores, are buying more produce directly at the source and performing the wholesaling function themselves.

Eventually, between 50 and 60 percent of the total volume of fruits and vegetables may be purchased directly by chains, unaffiliated independent grocery stores, and restaurants, hotels, and institutions.

Growers may be expected to pay increasing attention to better handling and care of produce. Growing practices that are most economical often may not produce the best quality. Un-

doubtedly higher quality will become more important. Also, many items now popular only in some localities will be marketed more widely. This will give the housewife a greater variety.

Marketing firms will continue to pre-package more produce, with a decline of this function at the retail store level. By 1970, perhaps as much as 75 percent of all produce will be prepackaged before reaching the retailer.





Consumers are already accustomed to buying prepackaged apples, oranges, potatoes, and tomatoes. Research is developing better films that will lead to greater prepackaging of grapes, pears, peaches, lettuce, corn, and beans.

New machines for packaging trayed items are available, and there is constant pressure by the industry to improve the design. New equipment, materials-handling techniques, and improved layouts constantly are lowering the costs of centrally bagging and handling produce.

In many instances the savings in freight, master containers, and handling more than compensate for the packaging costs. New bulk handling equipment is further reducing the purchase cost of prepackaged produce.

Most of the packaging will be divided

between the production region and the distribution area, depending on which has the greater advantages for each product. Packaging at the source usually holds the greater advantage when close trimming offers opportunities to reduce shipping waste, as with cauliflower, carrots, and lettuce. Sometimes packaging at the source provides lower labor costs.

For products whose production is highly specialized, such as carrots, there is a greater opportunity to mechanize the packaging. Where bruising problems may prevent the use of bulk shipping containers, packaging at the growing source may be advantageous.

Packaging is done at terminal and central warehouses when quality varies with stage of harvest or growing conditions, and when the produce is grown

in many different localities. Terminal and central warehouse packaging will permit more careful grading for quality and ripening and use of package sizes to fit local consumer demands. Terminal area packagers may also be able to utilize their packaging equipment more fully than operators in growing areas where there may be a short packaging season.

Another advantage of terminal packaging results when pallet-type bulk containers are more economical than master containers for shipments of produce from production areas.

The net result of these trends in marketing produce is that the consumer will enjoy a greater variety of better-tasting produce, probably at a lower cost.

*Newly harvested lettuce is being film-wrapped in truck as it moves across field. Worker places lettuce head on sheet of plastic film and pushes it through hole. Lettuce comes out on other side of hole (see photo on page 10) with film wrapped around it. Another worker passes film-wrapped head over hot plate, which seals film firmly around head.*





# How Market News Can Contribute to Efficient Marketing

By Ben H. Baisdon

MUCH has been written or said about the efficiencies in marketing. Improvements in quality of products, packaging, transportation, handling and storage facilities are often mentioned as pillars for gaining efficiency. But the *one big medium* that has always been a part of the marketing system is *information*. For many years it was the lack of it—but today there are many sources if the industry will but avail itself of them.

Information is a general term but I wanted to throw the word out before mentioning market news, which is just a specialized part of the available market information.

One of the things that market news does in particular is to provide current, factual market information to all segments of the industry. As a result they are all on equal footing as far as marketing knowledge is concerned.

It is general knowledge that larger business concerns have their own analytical sections which collect and interpret market data. The producer and smaller dealers may not do daily or periodic trading and do not have the opportunity to stay abreast of the market picture. All of their time is directed toward producing and they try to "catch up" on the latest prices only when they are ready to market. Collecting sufficient information can be a costly process, so quite often the small producer will take the path of least resistance and go to the nearest buyer and take whatever he is offered without any knowledge at all of the overall market situation.

There are many examples that could be given to illustrate the part market news has played in aiding the marketing process. I would like to cite several.

The first is a case where producers had no source of information. When the Iowa and Minnesota shipping point butter report was first released the immediate result was that there were some renegotiations between the local country creamery and the terminal market receiver or buyer which included brokers as well as assemblers and chain stores. Prior to that time the only measurement the local creamery had as to their values was what they could pick up confidentially through their friends in the industry out in the country.

The next case points out that biased information is poorer than no information at all. When we began reporting eggs in 1961, there were already reports in two Missouri localities. The U.S. and the Missouri departments of agriculture had been asked many times to institute a report that would replace the ones carried by local sources.

In one locality, a girl would call about four or five dealers each morning, collecting their prices and publishing them purportedly as the daily market report. I'm sure the girl did a good job as far as she went, but she had never seen the people she talked to, had never been in their places of business and knew nothing of their reliability.

One of the dealers later told me that they would quote a base price two to four cents below what they actually paid, the total range was published and this was represented as the market without any explanation as to the basis of trade.

Producers for many years had to accept this kind of pricing arrangement, and no doubt took several cents less than they should have. Today, this locality has a reliable report and ex-

tensive checking throughout the reporting area is keeping it that way. The dealer is now shopping around to find the best quality-producers and the producer, with complete knowledge of his alternatives, can select the best long-term arrangement for selling.

In another locality, a large feed company was making its prices available for publication and while this was a good service, it became the only price information in the area and was being used as an official report. A survey showed that these prices were several cents lower than the ones actually being paid and the producer was happy to get anything beyond. When our department started reporting the Southwest Missouri market, prices climbed several cents higher in relation to other areas and have been maintained there. The report brought out the supply situation which in this area certainly has had an effect on the market.

The value of market news can be easily seen when reporting a fast-moving, perishable product. Communication between producers becomes difficult and it boils down to the fact that the only information one gets is from the buyers.

These illustrations are not used to imply that they are typical of buyers generally. But they do show that when market news is not complete it might be used against a producer as well as for him. Our reports have closed this gap, supplying all related information at the time of marketing.

If market news can provide needed information, this adds to efficiency. If it can save a person money and time, this adds to efficiency. If market news can make a producer additional money, this is considered efficient marketing. If market news can aid in planning present and future sales then this has added efficiency.

Producers and everyone connected with a product, on through to the consumer, have come to rely on factual information about the markets. As a person responsible for providing this, I am challenged to make available *what* is needed, *where* it is needed and *when* it is needed.

I would recommend that every person in this business study his report to see if he is satisfying these three "W's" in his own area.

*(Excerpts from an address delivered by the author at the 1963 National Marketing Service Workshop at Kansas City, Kans. Mr. Baisdon is Coordinator of Market News, Missouri Department of Agriculture.)*



# How Effective are the New Wheat Standards?

**S**INCE June 1 wheat has been officially graded under revised U.S. standards.

The revision, says Walter A. Davidson, Director of the Grain Division of USDA's Agricultural Marketing Service, was made to better describe wheat quality and to encourage marketing of cleaner, more salable wheat—necessary to maintain and expand important export markets.

Official inspection of grain is carried out by State and commercial inspection agencies, under supervision of the AMS Grain Division. In these paragraphs, Mr. Davidson answers questions about the new wheat standards and how effective they are—largely based on reports from inspection supervisors. He was interviewed about a month after the revised standards took effect.

**QUESTION:** Do members of the grain industry understand how wheat is graded under the revised standards?

**ANSWER:** We hope so, and the evidence that they do is becoming greater all the time. One example of the efforts to inform them is the incorporation of information on the revised standards into this year's grain grading schools that have been held across the country. About 100 grain grading schools—spearheaded by the Cooperative Extension Service in each of several States and by grain organizations—were held in the Nation's wheat areas during the first six months of 1964. These were attended by some 15,000 farmers and grain dealers. In addition, our inspection supervisors and State Extension specialists have made other efforts to explain the standards in their contacts with grain producer and trade groups. These and other efforts will continue

to assure good and wide understanding of the changes and how they're applied.

**QUESTION:** What reports have you on how the new wheat crop has been grading in areas where harvesting has already taken place?

**ANSWER:** We have some reports from our field grain inspection offices in the hard red winter wheat area, which show that a high percentage of the inspected new-crop wheat receipts are being graded No. 1. About 500 carlot receipts of new wheat inspected at Enid, Oklahoma, on June 8 showed more than 90 percent as grading No. 1. **QUESTION:** How about the new crop in Kansas?

**ANSWER:** Information acquired by the Kansas State Board of Agriculture from the Kansas and Missouri State grain inspection departments shows a favorable picture. Data on 2,752 carloads arriving at terminal elevators in Kansas City showed that 96 percent of them had less than one-half percent dockage. (Any amount of dockage less than one-half percent is not recorded on inspection certificates. Total defects (a combination of foreign material, shrunken and broken kernels, and damaged kernels) averaged 1.8 percent for all the carloads surveyed. This is substantially within the 3 percent maximum limit of total defects for No. 1 grade wheat.

**QUESTION:** Have there been any serious complaints about the new wheat standards since they went into effect last month?

**ANSWER:** No, except for the Pacific Northwest. There are areas in Eastern Oregon and Washington where both white wheat and hard red winter wheat are grown. Sometimes, mixtures of these occur in the field and also as a

result of careless handling on farms and in elevators. Under the revised standards, hard red winter wheat and white wheat are considered as "contrasting classes" with each other, because they're generally distinguishable. Some of the export loadings at Portland, Oregon, of both of these classes of wheat during June that would have graded No. 1 or 2 under the old standards were graded as low as No. 3 and 4 under the revised standards. More careful practices on the part of farmers and elevator operators will eliminate these complaints.

**QUESTION:** Have there been any complaints about more time being required for inspections?

**ANSWER:** We've had a few complaints of additional time and increased costs required in applying the revised standards. We anticipated this and believe it will be necessary to adjust to this added time and cost. We've had reports from other areas that no additional time was being required for inspecting wheat under the new standards and that no difficulties were being encountered.

**QUESTION:** Are higher prices being paid for the same grade of wheat under the new standards than under the old standards? Or is there any way to determine that?

**ANSWER:** There is only one reliable way to tell that, and that's by the prices on futures contracts. Currently, prices for "new" grade contracts are averaging 1½ to 2 cents more per bushel over "old" grade contracts at the Chicago Board of Trade, where substantial futures trading takes place.

**QUESTION:** Why are buyers willing to pay more for wheat of the same grade, graded under new standards?

**ANSWER:** Probably the primary reason is that they know—more exactly—what quality they are getting and that wheat of a particular grade will not contain the larger amounts of nonmillable materials that it could under the old standards.

**QUESTION:** Have foreign buyers expressed any reactions to the change in standards?

**ANSWER:** Yes, representatives in many countries where U.S. wheat can be sold have expressed satisfaction with the change in standards. We're confident that in the long-run, the revision in standards will help make it possible for the U.S. to gain back its share of world dollar markets, through greater buyer satisfaction with the quality of our wheat and greater knowledge of the actual quality they'll receive when they contract for a particular grade.

# ***Federal-State Agreements—A New Phase in Administering Packers & Stockyards Act***

*By Harry L. Williams*

**P**ILOT programs started quietly last year by USDA's Agricultural Marketing Service could lead to a breakthrough in cooperation with State governments and trade organizations in accomplishing the objectives of Federal and State regulatory laws.

The Packers and Stockyards Division of AMS embarked on its first formal cooperative agreement with a State department of agriculture, and its first major statewide agreement with an industry trade association, in 1963.

There was no fanfare at the launching, because of obvious hazards; but success to date warrants hope that these agreements with the State of Michigan and with the Georgia Stockyards Operators Association under the Packers and Stockyards Act may be followed by others patterned after them. In fact, AMS has recently entered into a formal agreement with the State of Georgia almost identical to the agreement with Michigan.

While the agreements have the same basic objective—to enhance the marketing of livestock, poultry, and meat—they represent two entirely different concepts of achieving this objective.

The agreement with the State of Michigan deals with coordinating Federal and State regulation of a segment of an industry.

The agreement with the Georgia Stockyards Operators Association is a

joint government-industry effort to correct certain competitive practices without resorting to formal legal action.

Michigan officials were concerned with enforcing State statutes pertaining to the registration, bonding, and financial responsibility of livestock dealers and marketing agencies, as well as industry weighing practices and the adequacy of stockyard facilities and services.

These Michigan officials, and those of AMS, wanted to avoid the duplication of work and harassment of industry that could result from totally independent enforcement of their respective laws.

The situation in Georgia was entirely different. Over the years, several questionable practices had sprung up among some of the State's auction markets as the result of fierce competition.

Individual market owners were powerless to discontinue these practices. Many had to continue as a defensive measure.

Responsible members of the industry came to the USDA for help. After an investigation, P&S Division officials concluded that there was grave doubt as to the legality of these practices under the P&S Act. Thus, the impetus was launched for statewide, voluntary discontinuance of these practices.

The climate for these agreements was opportune in 1963, as AMS officials were searching for new ways to increase the effectiveness of their ad-

ministration of the P&S Act.

Enforcement of the Act since its passage in 1921 has been channeled through various phases: until recent years, emphasis was placed upon enforcement largely independent of State statutes and State organizations.

In the first 10-15 years, a determined attempt was made to enforce all provisions of the Act in the same spirit of reform which led to its passage. By the late Thirties, primary attention was shifted to stockyard operations with emphasis on the assessment of rates and charges while enforcement of the "packer provisions" was de-emphasized.

Then came World War II. As the Nation concentrated on the war, administration of the Packers and Stockyards Act was limited to top priorities. After the war, however, the emphasis again shifted—this time from rates supervision to trade practices at stockyards. Supervision of packer operations began increasing about 1955, paralleling basic changes in the livestock industry itself.

In 1958, Congress recognized the need for revisions of the Act to make it more responsive to the changes then taking place. The resulting amendment had a tremendous impact on enforcement activities.

The 1958 amendment greatly expanded the Act's jurisdiction to include virtually all stockyards, market agencies, and dealers operating in interstate commerce. This amendment also re-



stricted the application of the Act to packers' activities in connection with livestock, meat, meat food products, poultry, and poultry products—whereas before the amendment, all activities of packers were covered.

These expanded responsibilities brought another shift in emphasis. The late Fifties were marked by a tremendous workload related to jurisdictional activities in line with the 1958 amendment.

By late 1961, these activities were well organized, and AMS officials began concentrating on investigatory activities. By 1963, its jurisdiction covered approximately 2,250 stockyards, 3,300 meat packers, 17,000 commission firms and dealers, 1,000 poultry dealers or processors, 6,200 livestock scales, and 11,000 bonds held by registrants totaling over \$140 million. All of this with a total staff of less than 190 people, including clerical staff.

In this climate, the stage was set for AMS's search for new ways to increase the effectiveness of P&S Act administration.

At a meeting of the executive committee of the National Association of State Departments of Agriculture in early 1963, Byron G. Allen, Assistant to the Secretary of Agriculture, urged individual State officials to select areas of USDA's work for the development of pilot Federal-State cooperative programs.

George S. McIntyre, Director of Michigan's Department of Agriculture, and then Chairman of NASDA's executive committee, selected administration of the Packers and Stockyards Act, due to common interests and responsibilities in livestock regulatory programs between his State and the USDA.

Following a series of meetings to work out details, a Memorandum of Understanding was developed between the State of Michigan and AMS. Outlining an eight-point program of mutual understanding and cooperation, the agreement called for:

(1) An annual meeting between Michigan and AMS personnel to discuss and review mutual programs, to improve the efficiency and effectiveness of each in carrying out its legal responsibilities, and to develop methods and procedures for mutual assistance.

(2) Auditing of custodial accounts by AMS personnel of all livestock auction markets operating within Michi-

gan, and exchange of information obtained from these audits within statutory requirements.

(3) Testing by Michigan officials of all livestock scales in that State which are subject to P&S Act jurisdiction, and furnishing USDA with the results of these tests.

(4) Exchange of general information regarding persons and firms registered, licensed, or known to be operating subject to the respective requirements of Michigan's statutes and the P&S Act.

(5) Exchange of information relating to bonding requirements and bond holders under Michigan's statutes and the P&S Act.

(6) Recommendation by U. S. D. A. of the Michigan Director of Agriculture as a trustee on bonds.

(7) Exchange of information and testimony in court on any areas within the scope of the State and AMS.

(8) No interchange or commingling of funds.

EARLY in 1963, P&S Division personnel completed their investigation into the questionable competitive practices in Georgia, which had been brought to their attention by responsible members of the industry.

The results showed that not all auction market owners were engaging in these practices; that it varied by degrees and by areas within the State.

USDA conceived the idea of developing a statewide agreement to bring about voluntary compliance with the Act. This decision was based upon a willingness within the industry to work out such a solution, and a desire by USDA to gain compliance without resorting to individual legal action against each market operator engaging in the practices.

Through the assistance of Phil Campbell, Georgia's Commissioner of Agriculture, members of his staff, and representatives of the Georgia Attorney General's office, P&S officials met with members of the Georgia Stockyards Operators Association to work out the details of the agreement.

Several such meetings were held, culminating in the agreement whereby USDA would inform each auction market owner by certified letter of its position, and by pre-arrangement, the market owners would collectively stop the practices on a specified date.

In its final form, the agreement covered practices dealing with trucking

charges, "plussing" of hogs, extension of credit to buyers, inducements to buyers to attend sales, "charge-backs" on animals which fail to meet grade, yield, or other standards, competitive selling of consigned livestock, rebating of commissions, proper accounting for transactions, and stockyard services.

The results of both of these agreements have been very encouraging to AMS. In the case of Michigan, the agreement has provided a firm foundation upon which the State and AMS can enforce their respective regulatory statutes in a smooth and efficient manner — free from the entanglements which can arise when two governmental bodies attempt separately to regulate a single industry.

For Georgia's auction market industry, the agreement has established a closer relationship and understanding between the industry and USDA, and between the State officials and USDA. As a result the State of Georgia entered into its formal agreement with AMS.

To USDA's Agricultural Marketing Service, these two agreements have ushered in a new phase of regulatory activity by which it can increase the effectiveness of its administration of the Packers and Stockyards Act. Further, they have provided excellent working models which can be utilized in future efforts to establish cooperative agreements with State governments and/or State trade associations.

In addition, these agreements provide P&S Division officials with another tool for use in line with their basic enforcement philosophy—that is, use of the minimum amount of regulation necessary to gain compliance with the Act.

IN the long run, the entire livestock, poultry, and meat marketing industry stands to gain the most from these agreements. The purpose of the Act is to protect livestock and poultry producers in marketing their products; to protect those engaged in marketing functions from unfair competitive practices, and to assure consumers that prices paid for meat, poultry, and related products more nearly reflect their true market value.

Agreements such as these provide the industry with another stepping-stone toward fulfillment of these objectives.

*(The author is Chief of the Stockyard Branch, Packers and Stockyards Division, AMS.)*



# A Big Year for Cherry Pie

**T**HIS is going to be a banner year for you cherry pie lovers. For one thing, processors have just completed the biggest red tart cherry pack on record.

Also, you'll find fewer pits in the cherries than ever before.

Revised U. S. Standards for red tart pitted cherries, issued last spring by the U. S. Department of Agriculture's Marketing Service, cut in half the number of pits allowed in Grade A cherries—and thereby hangs a tale.

U. S. Standards—for cherries or any other food item—are marketing aids which AMS establishes to make buying and selling easier. They are usually developed at the request of the industry, and are available for anyone to use. In some cases, the U. S. grades are also marked on the product, as a guide to the consumer.

Ideally, a U. S. Standard describes the kind of product that buyers want and sellers can provide—so they can trade on the grade without wasting time and effort on a lot of additional specifications.

That's why the AMS standardization men got concerned when more and more wholesale cherry buyers began ordering "U. S. Grade A cherries, except that pits shall not exceed . . ." and specifying fewer pits than Grade A allowed.

Obviously, buyers wanted fewer pits. Could the industry meet a tighter pit tolerance? They didn't know. Processors did know they could meet the present standards, and they were reluctant to change without more facts.

Practically all of the canned and frozen red tart pitted cherries are sold by U. S. grades. And there are a lot of factors that affect the way cherries pit . . . size, maturity, speed of the pitter, etc. The stakes were high, and the cherry processors wanted to be sure.

AMS's answer was a "processing capability study," to find out just how many pits actually got through the pitters. AMS and the industry cooperated on this study, which got underway in 1961. Samples were drawn every half hour, day and night, in 41 plants throughout all the major producing areas. The study showed the number of pits was far below the 1-pit-per-20-ounce tolerance. The second season, the average for a very large and difficult pack was only slightly higher.

By this time, also, a side effect had appeared. The study had called attention to the pitting problem. Processors made special efforts to adjust their machinery and techniques to cut down the number of pits missed.

And the study also stimulated the development of a new pitting needle. The pitting machines had always used bronze needles to punch the pits out of each cherry. Bronze is a relatively soft

metal, and the needles often bent slightly or the sharp corners of the tips broke off, allowing more pits to get through. The new needles are made of stainless steel—far stronger and more reliable.

In the 1963 season, everything worked together—the new needles, better quality control, and a small crop that pitted beautifully.

This spring, the Agricultural Marketing Service issued the revised U. S. standards for red tart pitted cherries. Grade A cherries are now allowed only one pit in two-and-a-half pounds of fruit. Actually, the cherry industry's efforts to improve pitting have resulted in a pack where the vast majority of lots have less than one pit per 8 pounds of fruit!

So enjoy your cherry pie this year. The cherries are plentiful. And thanks to the U. S. Standards and the cherry industry's quality control efforts, there'll be fewer pits.

